



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Donald C. Brey, Esq.
Taft Stettinius & Hollister LLP
65 East State Street, Suite 1000
Columbus, OH 43215-4213

JUN 15 2016

RE: MUR 6494
Schmidt for Congress Committee

Dear Mr. Brey:

On June 10, 2016, the Federal Election Commission accepted the signed conciliation agreement submitted on your clients' behalf in settlement of violations of 52 U.S.C. §§ 30104(b) and 30118(a), provisions of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter.

Documents related to the case will be placed on the public record within 30 days. *See* Statement of Policy Regarding Disclosure of Closed Enforcement and Related Files, 68 Fed. Reg. 70,426 (Dec. 18, 2003) and Statement of Policy Regarding Placing First General Counsel's Reports on the Public Record, 74 Fed. Reg. 66,132 (Dec. 14, 2009). Information derived in connection with any conciliation attempt will not become public without the written consent of the respondent and the Commission. *See* 52 U.S.C. § 30109(a)(4)(B).

Enclosed you will find a copy of the fully executed conciliation agreement for your files. Please note that the civil penalty is due within 30 days of the conciliation agreement's effective date. If you have any questions, please contact me at (202) 694-1650.

Sincerely,

A handwritten signature in cursive script that reads "Christine C. Gallagher".

Christine C. Gallagher
Attorney

Enclosure
Conciliation Agreement

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)

Schmidt for Congress Committee and)
Peter Schmidt¹ in his official capacity as treasurer)

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CONCILIATION AGREEMENT

This matter was initiated by a signed, sworn, and notarized Complaint made by David Krikorian ("Krikorian") to the Federal Election Commission (the "Commission"). The Commission found reason to believe that the Schmidt for Congress Committee and Phillip Greenburg in his official capacity as treasurer (the "Committee" or "Respondents") violated 52 U.S.C. §§ 30104(b) and 30118(a) (formerly 2 U.S.C. §§ 434(b) and 441b(a)) of the Federal Election Campaign Act of 1971, as amended (the "Act") by accepting prohibited in-kind contributions from the Turkish Coalition of America, Inc. ("TCA") in the form of free legal services.

NOW, THEREFORE, the Commission and the Respondents, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over the Respondents and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 52 U.S.C. § 30109(a)(4)(A)(i) (formerly 2 U.S.C. § 437g(a)(4)(A)(i)).

II. Respondents have had a reasonable opportunity to demonstrate that no action should be taken in this matter.

¹ The Committee's former treasurer, Phillip Greenburg, has been replaced by Peter Schmidt who is the official capacity treasurer Respondent for purposes of this Conciliation Agreement. The Commission made no findings as to the treasurers in their individual capacities in this matter.

- III. Respondents enter voluntarily into this agreement with the Commission.
- IV. The pertinent facts and law in this matter are as follows:

FACTS

1. David Krikorian and Jeannette Schmidt were opponents in the 2008 general election for the House seat in Ohio's Second Congressional District. Days before the election, Krikorian distributed a two-page communication asserting that Schmidt "has taken \$30,000 In Blood Money to Deny the Genocide of Christian Armenians by Muslim Turks" and urging voters to "SAY NO TO JEAN SCHMIDT."
2. The Turkish Coalition of America, Inc. ("TCA") is a Massachusetts corporation within the meaning of 52 U.S.C. § 30118(a) (formerly 2 U.S.C. § 441b(a)). The Turkish American Legal Defense Fund ("TALDF") is a division of TCA that is funded through TCA's general budget.
3. In November 2008, TALDF agreed to file a complaint with the Ohio Elections Commission on behalf of Jeannette Schmidt and the Committee regarding the two-page communication issued by Krikorian.
4. TALDF ultimately represented Jeannette Schmidt and/or the Committee in four legal proceedings starting in 2008 and continuing through 2011, including the initial complaint filed with the Ohio Elections Commission, Krikorian's appeal of the Ohio Elections Commission's ruling, a federal suit challenging the constitutionality of the Ohio Elections Commission, and the state defamation suit against Krikorian. Respondents agreed to the TALDF lawyers' ongoing representation and continued to accept the legal services without charge.
5. TCA paid the TALDF lawyers the following amounts for legal fees and expenses on behalf of Schmidt and/or the Committee: \$3,905 in 2008; \$289,280 in 2009;

\$205,401 in 2010; and \$152,658.29 in 2011. By letter dated January 30, 2012, Schmidt advised the House Committee on Ethics that she had repaid TCA \$42,812 in legal fees and expenses related to the federal court proceeding.

6. The Committee did not disclose, on its reports filed with the Commission, its receipt of in-kind contributions made by TCA in the form of legal services provided to the Committee without charge from TALDF lawyers and paid for by TCA.

LAW

7. The term "contribution" includes "any gift, subscription, loan, advance, or deposit of money or anything of value made by any person for the purpose of influencing any election for Federal office." 52 U.S.C. § 30101(8)(A)(i) (formerly 2 U.S.C. § 431(8)(A)(i)); 11 C.F.R. § 100.52(a). A "contribution" also includes the "payment by any person of compensation for the personal services of another person which is rendered to a political committee without charge for any purpose." 52 U.S.C. § 30101(8)(A)(ii) (formerly 2 U.S.C. § 431(8)(A)(ii)).

8. The Act prohibits any candidate, political committee, or other person from knowingly accepting or receiving a contribution from a corporation. The "knowing" acceptance of a contribution requires knowledge of the underlying facts that constitute the prohibited act, but not knowledge that the act itself — such as acceptance of a corporate contribution — is unlawful. *See FEC v. Dramesi*, 640 F. Supp. 985, 987 (D.N.J. 1986).

9. A candidate who receives a contribution is considered to have received the contribution as an agent of her authorized committee. 52 U.S.C. § 30102(e)(2) (formerly 2 U.S.C. § 432(e)(2)).

10. The Act requires that political committees file reports of their receipts and disbursements. 52 U.S.C. § 30104(a) (formerly 2 U.S.C. § 434(a)). These reports must itemize all contributions received from contributors that aggregate in excess of \$200 per election cycle. 52 U.S.C. § 30104(b) (formerly section 434(b)); 11 C.F.R. § 104.3(a)(4). Any in-kind contribution must also be reported as an expenditure on the same report. 11 C.F.R. §§ 104.3(b), 104.13(a)(2).

V. Solely for the purpose of settling this matter expeditiously and to avoid the expense of litigation, the Respondents, without admitting liability with respect to any other proceeding, will not contest the Commission's findings that:

1. The Committee violated 52 U.S.C. § 30118(a) (formerly 2 U.S.C. § 441b(a)) by accepting prohibited in-kind corporate contributions in the form of legal services provided to it without charge from TALDF lawyers and paid for by the Turkish Coalition of America, Inc.;

2. The Committee violated 52 U.S.C. § 30104(b) (formerly 2 U.S.C. § 434(b)) by failing to disclose the receipt of in-kind contributions from TCA.

VI. 1. Respondents will cease and desist from violating 52 U.S.C. § 30118(a) (formerly 2 U.S.C. § 441b(a)).

2. In ordinary circumstances, the Commission would seek a substantially higher civil penalty based on the violations outlined in this agreement as well as the mitigating circumstances. However, the Commission is taking into account the fact that the Committee plans to terminate, has very little cash, and has a limited ability to raise any additional funds. Respondents will pay a civil penalty to the Federal Election Commission in the amount of Two

Thousand Five Hundred Dollars (\$2,500) pursuant to 52 U.S.C. § 30109(a)(5)(A) (formerly 2 U.S.C. § 437g(a)(5)(A)).

3. Respondent will amend its reports to reflect the in-kind contributions from TCA by filing a Miscellaneous Document (Form 99) with the Commission, referencing the 2008-2012 election cycles. This Miscellaneous Document will state that the Committee is amending its 2008-2012 election cycle filings to disclose in-kind contributions omitted from its reports, and itemize the omitted transactions. The Miscellaneous Document will list the date and amount of each in-kind contribution received from TCA starting in November 2008, identify the name and address of TCA as the contributor, and describe the nature of the in-kind services provided (e.g., "legal fees"). The Miscellaneous Document will also list as an in-kind contribution the amount of legal fees repaid by Jeannette Schmidt to TCA for legal services related to the *amicus* brief she filed on January 29, 2010, in the federal suit identified in this agreement, itemizing the transactions by date.

VII. The Commission, on request of anyone filing a complaint under 52 U.S.C. § 30109(a)(1) (formerly 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

VIII. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

IX. Respondents shall have no more than 30 days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

X. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party that is not contained in this written agreement shall be enforceable.

FOR THE COMMISSION:

6-14-16
Date

BY: Kathleen M. Guith
Kathleen M. Guith
Acting Associate General Counsel
for Enforcement

FOR THE RESPONDENTS:

2-22-16
Date

BY: Donald C. Brey
Donald C. Brey
Counsel for Respondent